



PLUMBERS & PIPEFITTERS NATIONAL PENSION FUND

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<http://www.ppnpf.org>

ADMINISTRATOR: TONI C. INSCOE

ANNUAL FUNDING NOTICE FOR THE PLUMBERS AND PIPEFITTERS NATIONAL PENSION FUND FOR THE PLAN YEAR ENDING JUNE 30, 2019

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (“the Plan”). It also includes general information about benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year, regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes, and you are not required to respond in any way. This notice is required by federal law.

This notice is for the Plan Year beginning July 1, 2018 and ending June 30, 2019. Most of the information shown below does not include data as of the end of the current Plan Year. However, the estimated funded percentage as of July 1, 2019, as set out in the Notice of Endangered Status for the 2019–2020 Plan Year, is estimated to be 74.92% using the Actuarial Value of Assets and 74.77% based on the Fair Market Value of Assets.

How Well Funded is Your Plan

Under federal law, the Trustees must report how well the Plan is funded by using a measure called the “funded percentage.” The Plan divides its assets by its liabilities on the Valuation Date for the Plan Year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and two preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	Plan Year Ending 6/30/19	Plan Year Ending 6/30/18	Plan Year Ending 6/30/17
Valuation Date	7/1/2018	7/1/2017	7/1/2016
Funded Percentage	74.13%	76.15%	76.86%
Actuarial Value of Assets	\$6,063,058,341	\$6,095,981,351	\$6,057,443,691
Value of Liabilities	\$8,178,427,798	\$8,004,890,029	\$7,880,909,956

Year-End Fair Market Value of Assets

The asset values in the preceding chart are measured as of the Valuation Date. These values are “actuarial values,” not market values. Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations, and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time.

The asset values in the chart below are market values and are measured as of the last day of the Plan Year (June 30th). The chart also includes the Plan Year end market value of assets for each of the two preceding Plan Years.

	Plan Year Ending 6/30/19	Plan Year Ending 6/30/18	Plan Year Ending 6/30/17
Fair Market Value of Assets	\$6,199,704,363*	\$6,139,088,592	\$5,793,879,970

*estimated amount

Endangered, Critical, Critical and Declining Status

Under federal pension law, a plan generally is in “endangered” status if its funded percentage is less than 80 percent. A Plan is in “critical” status if the funded percentage is less than 65 percent (other factors may also apply). A Plan is in “critical and declining” status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or 20 years if a special rule applies).

If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their



funding status over a specified period of time. The trustees of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was not in critical or critical and declining status in the Plan Year ending June 30, 2019. The Plan was in endangered status in the Plan Year ending June 30, 2019 because its funded percentage was less than 80 percent. In an effort to improve the Plan's funding status, on April 5, 2010, the Trustees adopted a Funding Improvement Plan ("FIP"), which remains in effect, and which provided bargaining parties with the option of either increasing their contribution rate while maintaining the current level of benefits or lowering the benefit accrual level. These two alternative approaches satisfied the criteria for a funding improvement plan in accordance with Internal Revenue Code Section 432(c). The requirements of the funding improvement plan have been fully implemented.

You may contact the Fund Office to get a copy of the funding improvement plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may obtain a copy of the FIP by visiting the website www.pppnf.org. From the Home Page, click on the *Plan Documents and Information* link, or you may contact the Fund Office at the address below:

Plumbers & Pipefitters National Pension Fund
103 Oronoco Street
Alexandria, VA 22314-2047

A separate notification will be provided indicating that the Plan has been certified to be in endangered status for the Plan Year ending June 30, 2020.

Participant Information

The total number of participants in the Plan as of the Plan's 7/1/2018 valuation date was 149,498. Of this number, 72,053 were current employees/active participants, 50,744 were retired and receiving benefits, and 26,701 were no longer working for a participating employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have funding policy for meeting plan objectives. The funding policy of the Plan is to maintain a balance such that Plan resources will fund Plan obligations. Plan resources include accumulated Plan assets plus expected future contributions and investment income. Plan obligations include benefit payments to current and future retirees and beneficiaries and expected expenses for Plan administration. The Plan's funding policy requires maintaining the level of

contributions needed to pay for benefits promised currently and in future years.

Pension Plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The money that is contributed to the Plan is invested by fiduciaries who follow the investment policies in the management of the Plan's assets.

The investment policy of the Plan is designed by the Trustees, in consultation with an independent investment consultant, with a goal to increase assets through capital gains and income, while maintaining sufficient liquidity to meet benefit payments. The ultimate goal is to achieve investment results that will culminate in the payment of promised Plan benefits.

The investment horizon is long term, and the investment strategy is designed to ensure the prudent investment of assets in a manner that will maximize the total rate of return subject to the preservation of capital. To preserve investment capital, the Fund's investments are diversified across various asset classes which include: domestic equity, domestic fixed income, international equity, emerging markets equity, global fixed income, high yield fixed income, real estate, private equity, hedge fund of funds, other alternative investments, and cash and cash equivalents. Each asset group is, itself, diversified through investment in securities across numerous industries and sectors, with a goal of providing a rate of return that exceeds specified benchmarks over periods of time. The Plan's appropriate level of risk has been determined by examining the risk and reward of numerous asset allocation alternatives and implementing an overall asset allocation, which is subject to periodic rebalancing. Overall investment performance is measured against a policy index consisting of a model portfolio of various market indexes and against the Consumer Price Index plus 3.5.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year ending June 30, 2019.

Asset Allocations	Percentage
1. Stocks	57%
2. Investment grade debt instruments	13%
3. High yield debt instruments	5%
4. Real estate	11%
5. Other	14%
TOTAL	100%

Events Having a Material Effect on Assets or Liabilities

By law this notice must contain a written explanation of new events that have a material effect on plan liabilities or assets. This is because such events can significantly impact the fiscal condition of a plan. For the Plan Year beginning on July 1, 2019 and ending on June 30, 2020, there are no known events expected to have a material impact on assets or liabilities.

Right to Request a Copy of the Annual Report

Pension plans must file annual reports. The report is titled "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Hard copies of the annual report can be obtained from the following agency:

US Department of Labor
Employee Benefits Security Administration
Public Disclosure Room
200 Constitution Avenue, NW, Room N-1513
Washington, DC 20210

Or by calling 1.866.444.3272. You may also obtain a copy of the Plan's annual report by making a written request to the Plan Administrator. The charge to cover copying costs will be \$.25 per page for an approximate cost of \$25.00.

Annual reports do not contain personal information, such as the amount of your accrued benefit. Contact the Fund Office if you want more information about your accrued benefits. See "Where to Get More Information" at the end of this document for contact details.

Summary of Rules Governing Insolvent Plans

The Pension Protection Act of 2006 requires the Plan to advise about the rules that apply to financially troubled multiemployer plans, even though this Plan does not fit that description.

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in this Annual Funding Notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the

highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$600/10$), which equals \$60. The guaranteed amount for a \$60 monthly accrual rate is equal to the sum of \$11 plus $\$24.75$ ($.75 \times \$33$), or $\$35.75$. Thus, the participant's guaranteed monthly benefit is $\$357.50$ ($\$35.75 \times 10$).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus $\$6.75$ ($.75 \times \$9$), or $\$17.75$. Thus, the participant's guaranteed monthly benefit would be $\$177.50$ ($\$17.75 \times 10$).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the

surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the multiemployer page on the PBGC's website at www.pbgc.gov/multiemployer. Please contact the Fund Office for specific information about your

pension plan or pension benefit. The PBGC does not have that information.

Where to Get More Information

For more information about this notice, you may contact:

The Board of Trustees
c/o Toni C. Inscoe, Plan Administrator
Plumbers & Pipefitters National Pension Fund
103 Oronoco Street
Alexandria, VA 22314-2047

Or by calling 1.800.638.7442. You may also submit your inquiry via the Plan's website at contactus.ppnpf.org.

For identification purposes, the official Plan number is 001 and the Plan sponsor's employer identification number or "EIN" is #52-6152779.

